

September Quarter 2015 Results



Disclaimer

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This presentation contains certain financial measures that are not recognized under generally accepted accounting principles in the United States (“GAAP”), including Non-GAAP EBITDA, Non-GAAP net income and free cash flow. For a reconciliation of these non-GAAP financial measures to the most directly comparable GAAP measures, see GAAP to Non-GAAP Reconciliation.

September Quarter 2015

Business Highlights & Strategic Updates

September Quarter 2015 Financial Review

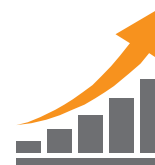
September Quarter 2015 Highlights



28%
YoY GMV
Growth



386MM
Annual
Active Buyers ⁽¹⁾



32%
YoY Revenue
Growth



US\$2.14Bn
Free Cash Flow ⁽²⁾



US\$ 69Bn
Mobile GMV ⁽²⁾
62% of China
Commerce Retail GMV



61%
Mobile Revenue as
a % of China
Commerce Retail Revenue



346MM
Mobile MAUs ⁽³⁾

Note: Unless otherwise indicated, all figures above are for the three months ended September 30, 2015.

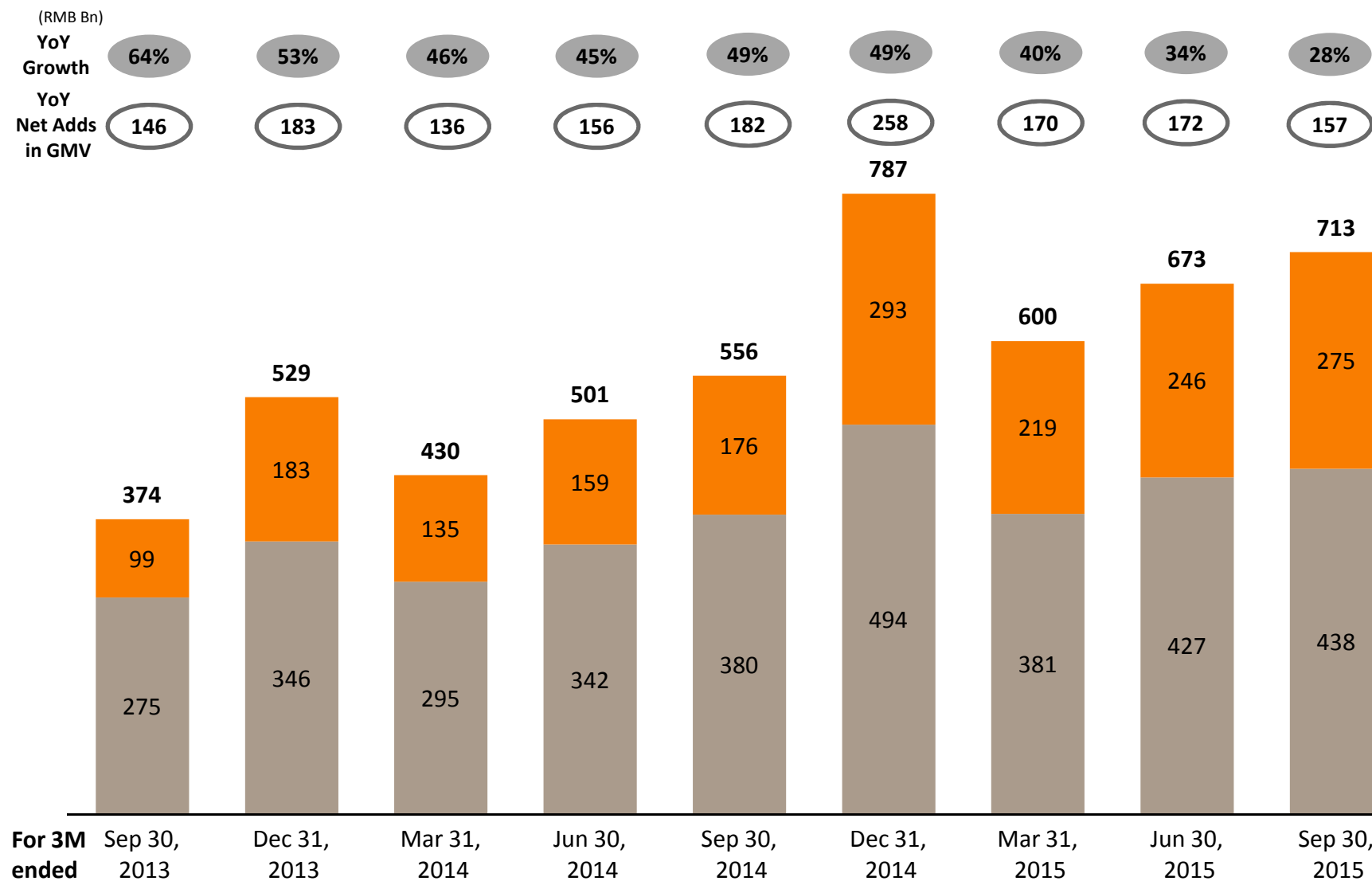
(1) For the twelve months ended September 30, 2015.

(2) All translations of RMB into US\$ were made at RMB6.3556 to US\$1.00.

(3) For the month ended September 30, 2015; based on the aggregate mobile MAUs of apps that contribute GMV on our China retail marketplaces.

GMV

Quarterly GMV (China Commerce Retail)

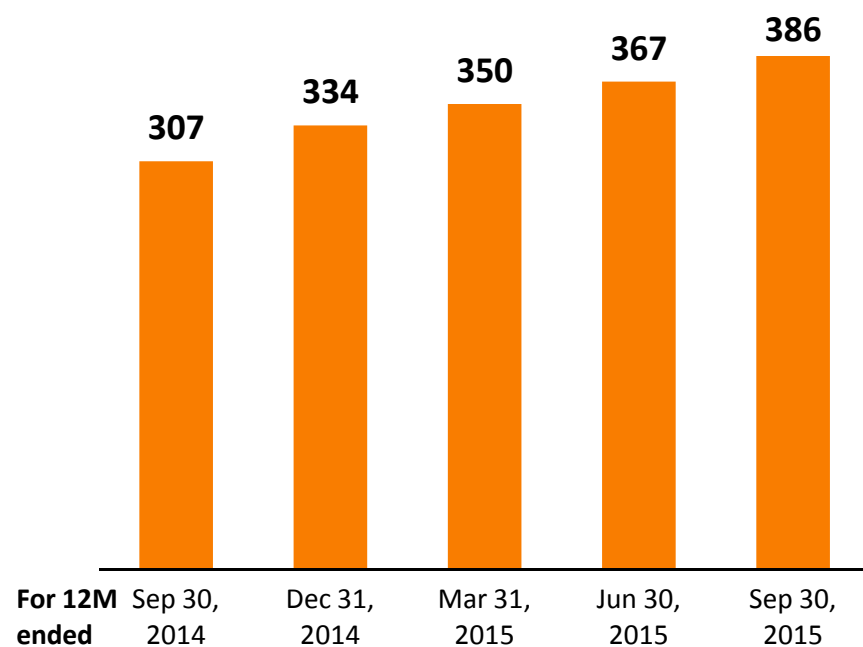


■ Taobao Marketplace ■ Tmall

Active Buyers & Mobile MAUs

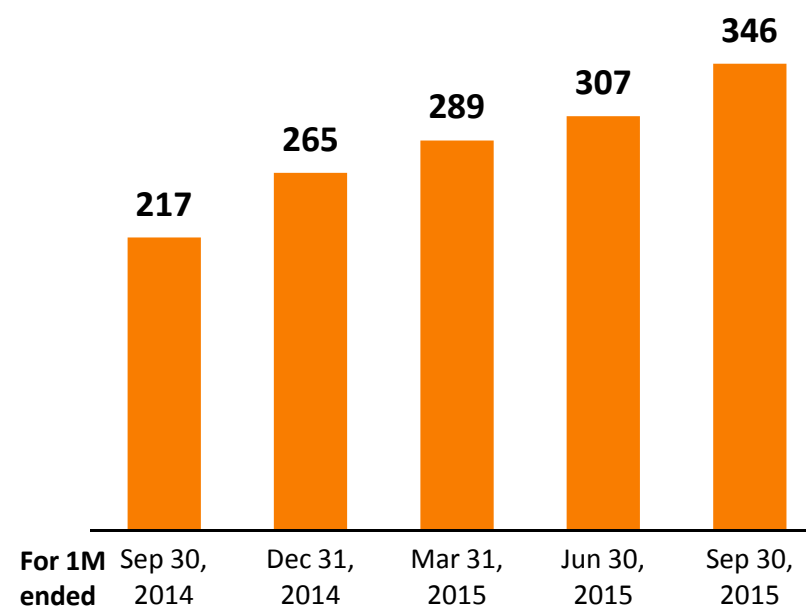
Annual Active Buyers

(In Millions)



Mobile MAUs

(In Millions)

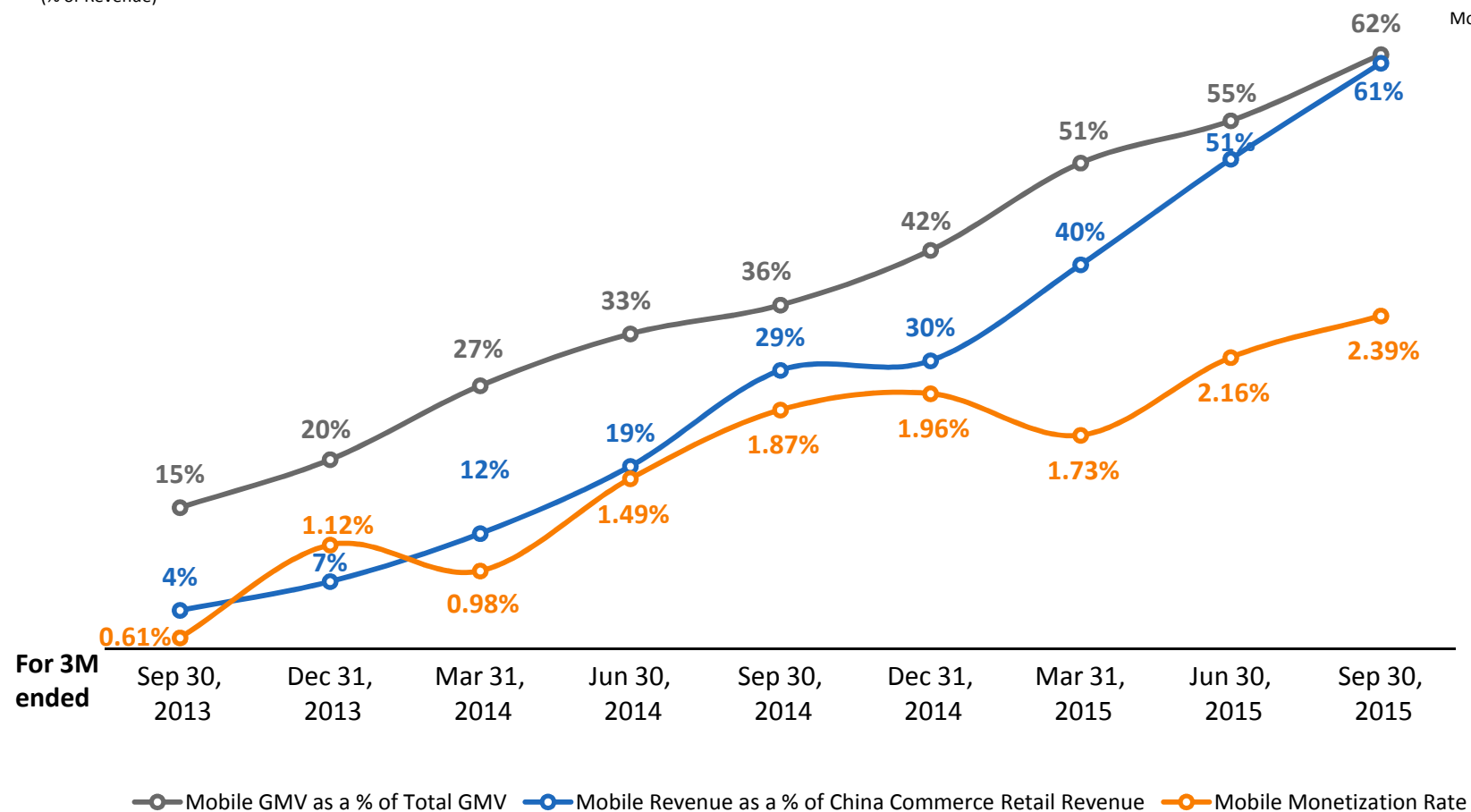


Successful Mobile Transition

Quarterly Penetration of Mobile Revenue and Mobile GMV (China Commerce Retail)

(% of Revenue)

(% of Monetization rate)



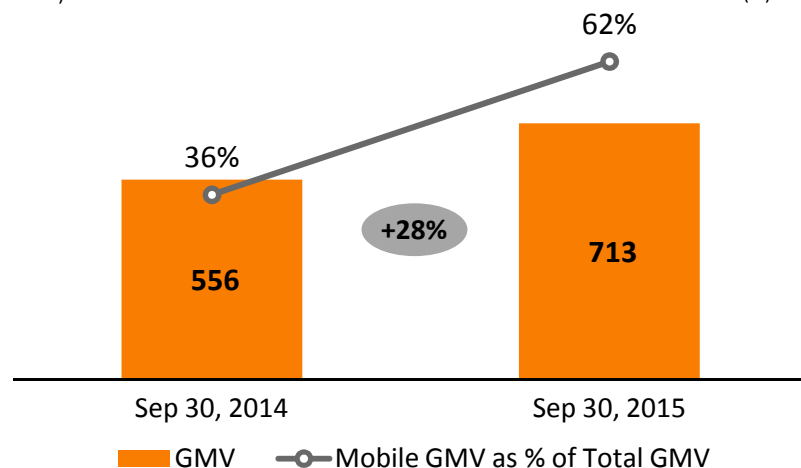
September Quarter 2015 Financial Highlights



GMV and Mobile Penetration

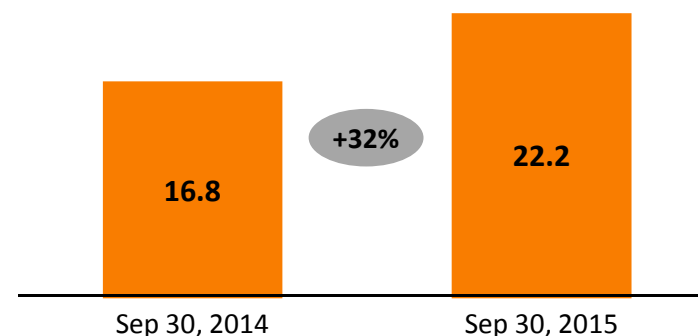
(RMB Bn)

(%)



Revenue

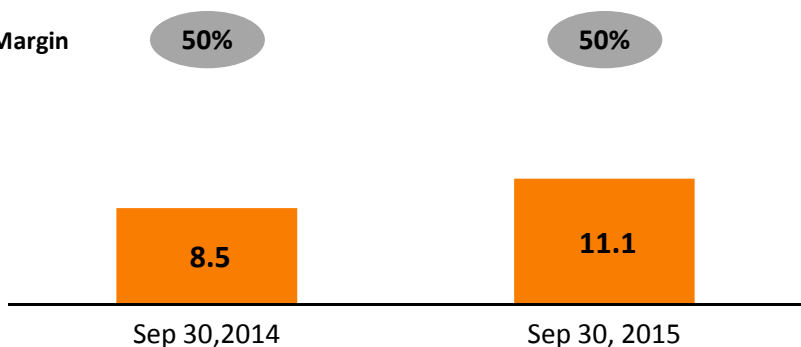
(RMB Bn)



Non-GAAP EBITDA ⁽¹⁾ and Margin

(RMB Bn)

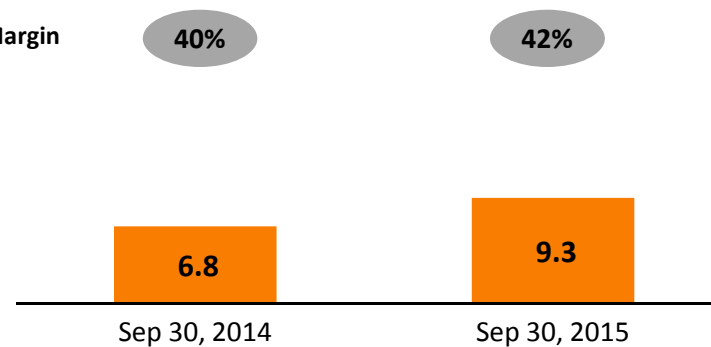
Margin



Non-GAAP Net Income ⁽²⁾ and Margin

(RMB Bn)

Margin



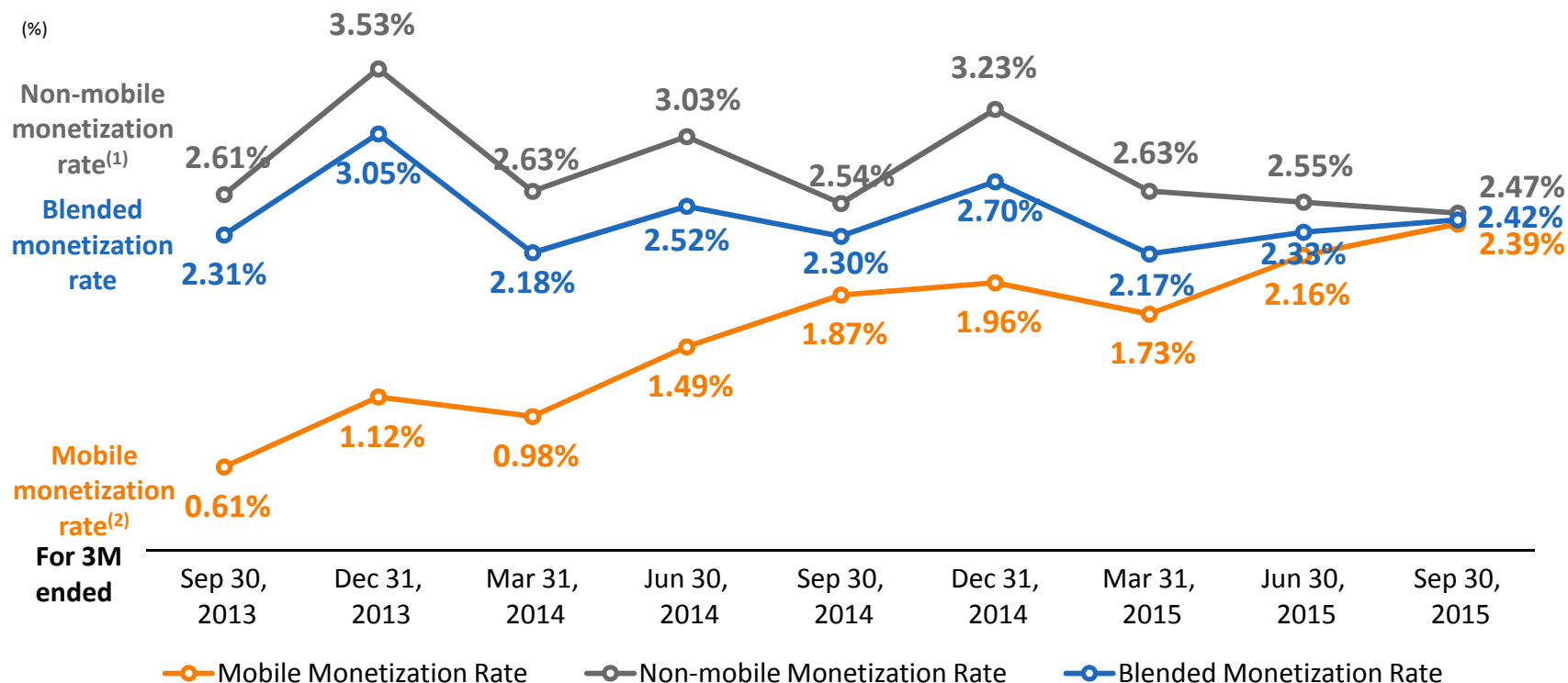
Note: For the three months ended on the respective dates.

- (1) Non-GAAP EBITDA represents income from operations (which excludes interest and investment income, net, interest expense, other income, net, income tax expenses and share of results of equity investees) before certain non-cash expenses, consisting of share-based compensation expense, amortization and depreciation that we do not believe are reflective of its core operating performance during the periods presented.
- (2) Non-GAAP net income represents net income before share-based compensation expense, amortization, impairment of goodwill, intangible assets and investments, gain on deemed disposals/disposals/revaluation of investments, amortization of excess value receivable arising from the restructuring of commercial arrangements with Ant Financial and expenses relating to the sale of shares by existing shareholders in IPO.

Quarterly Monetization Rate Trends

- Blended monetization rate grew from 2.30% in Sep Quarter 2014 to 2.42% in Sep Quarter 2015.
- The increase of blended monetization rate reflected our focus on high-quality merchants and delivering better value proposition to our merchants, thereby enabling us to optimize online marketing efficiency and increased online marketing inventory on both mobile and the PC screen.

Quarterly Monetization Rate (China Commerce Retail)



Notes:

(1) Derived from China commerce retail non-mobile revenue / non-mobile GMV.

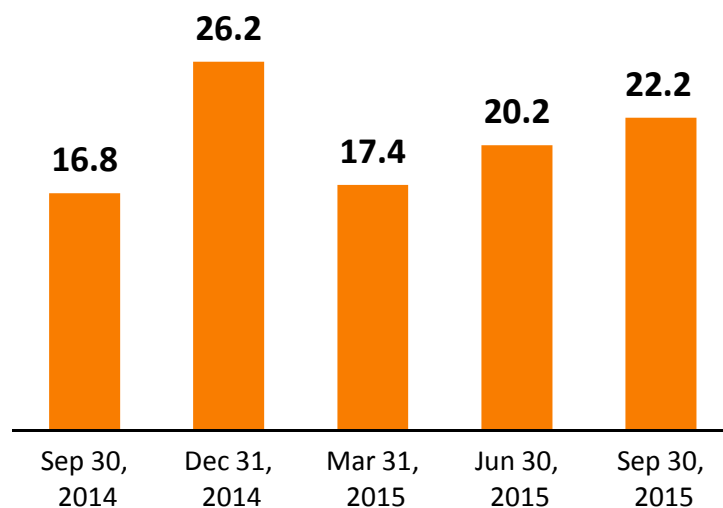
(2) Derived from China commerce retail mobile revenue / mobile GMV.

Quarterly Revenue

- The YoY growth in revenue was mainly driven by the revenue acceleration of our China commerce retail business and AliCloud.

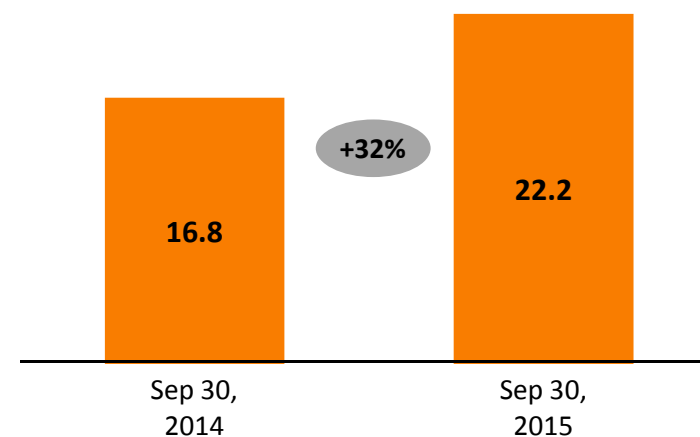
Total Revenue

(RMB Bn)



Revenue Growth ⁽¹⁾

(RMB Bn)



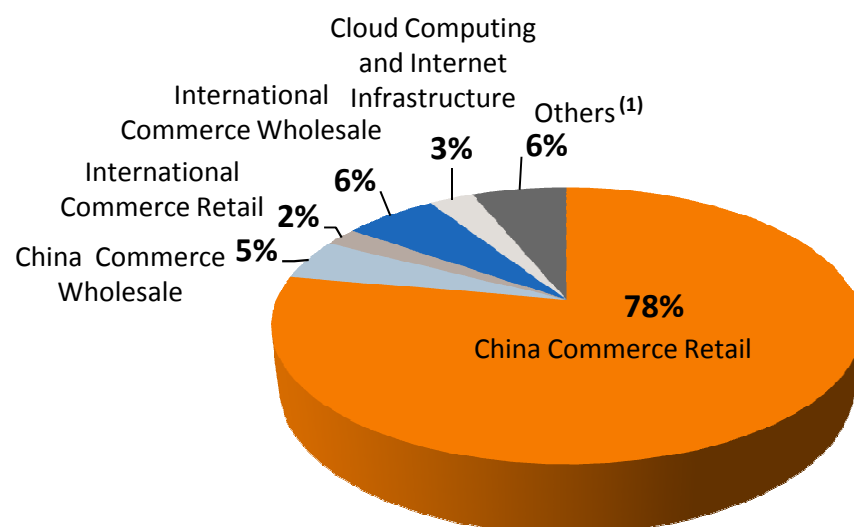
Note: For the three months ended on the respective dates.

(1) Excluding the effect of the online lottery business and the SME loan business, the YoY growth in revenue would be 41%

Quarterly Revenue Breakdown

Revenue Breakdown by Businesses

(% of Total Revenue)

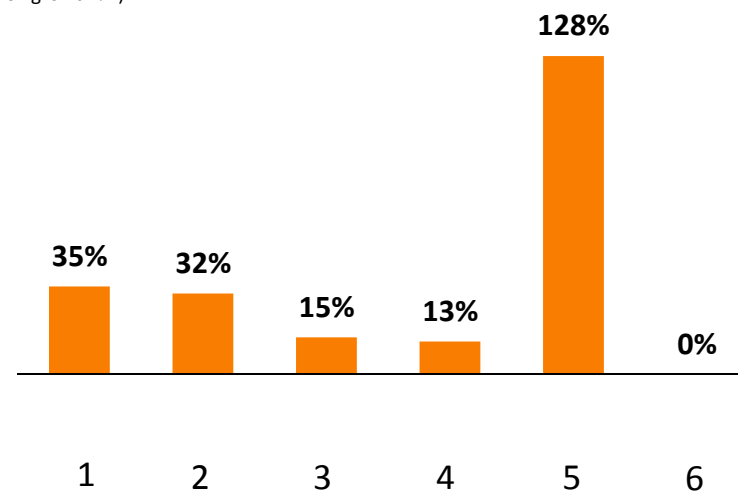


For three months ended Sep 30, 2015

(1) Other revenue mainly represents the mobile Internet services revenue generated from UCWeb and AutoNavi.

Revenue Growth of Major Businesses

(YoY growth %)



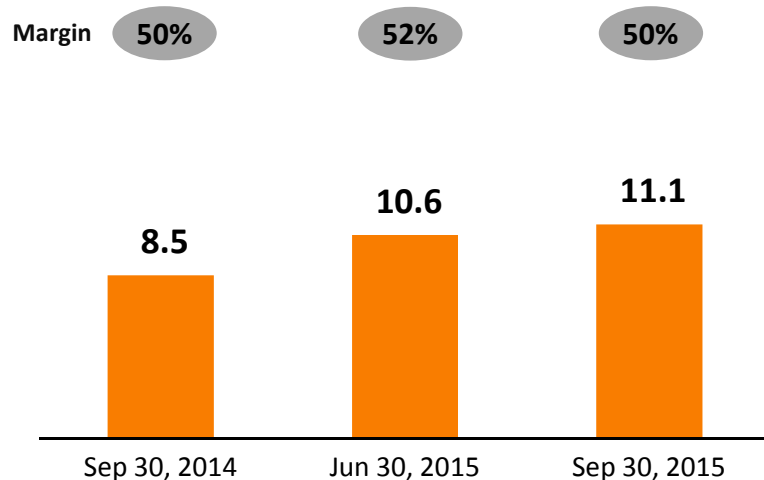
1. China Commerce Retail
2. China Commerce Wholesale
3. International Commerce Retail
4. International Commerce Wholesale
5. Cloud Computing and Internet Infrastructure
6. Others

Quarterly Margin Trends

- We don't manage to a margin target.
- Non-GAAP EBITDA margin remained stable year-on-year.

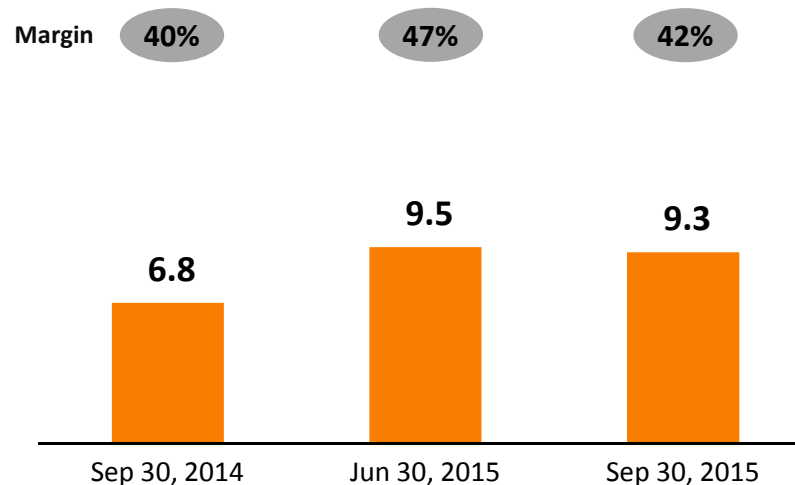
Non-GAAP EBITDA⁽¹⁾ and Margin

(RMB Bn)



Non-GAAP Net Income⁽²⁾ and Margin

(RMB Bn)



Note: For the three months ended on the respective dates.

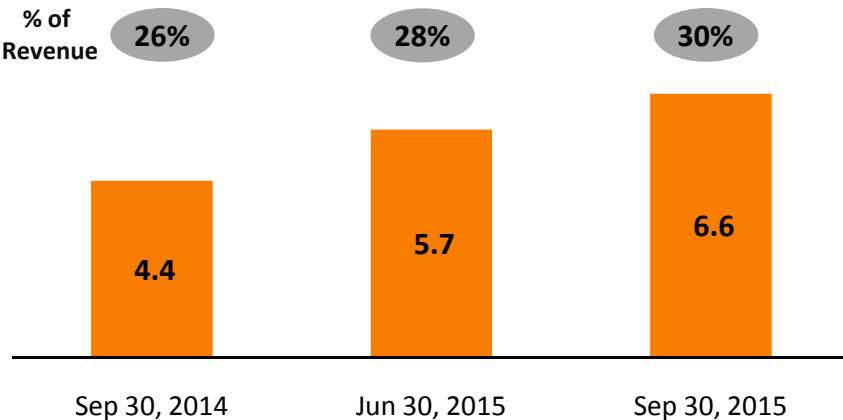
- (1) Non-GAAP EBITDA represents income from operations (which excludes interest and investment income, net, interest expense, other income, net, income tax expenses and share of results of equity investees) before certain non-cash expenses, consisting of share-based compensation expense, amortization and depreciation that Alibaba Group does not believe are reflective of its core operating performance during the periods presented.
- (2) Non-GAAP net income represents net income before share-based compensation expense, amortization of intangible assets, impairment of goodwill, intangible assets and investments, gain on deemed disposals/disposals/revaluation of investments, amortization of excess value receivable arising from the restructuring of commercial arrangements with Ant Financial and expenses relating to the sale of shares by existing shareholders in IPO.

Quarterly Cost Trends

Cost of Revenue (Pre-SBC)

(RMB Bn)

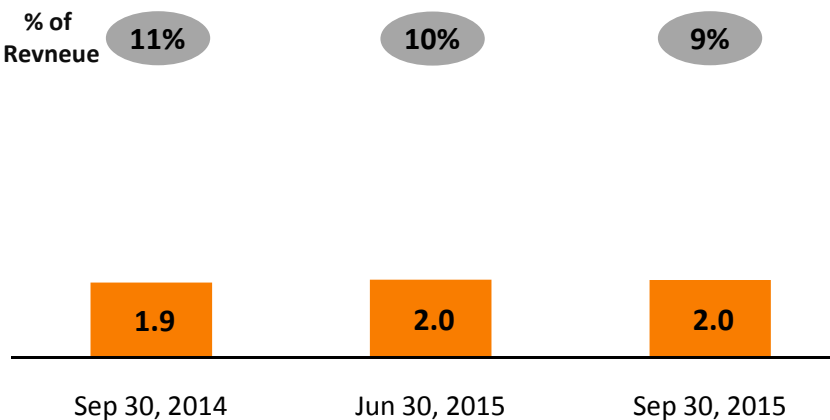
% of
Revenue



Product Development Expenses (Pre-SBC)

(RMB Bn)

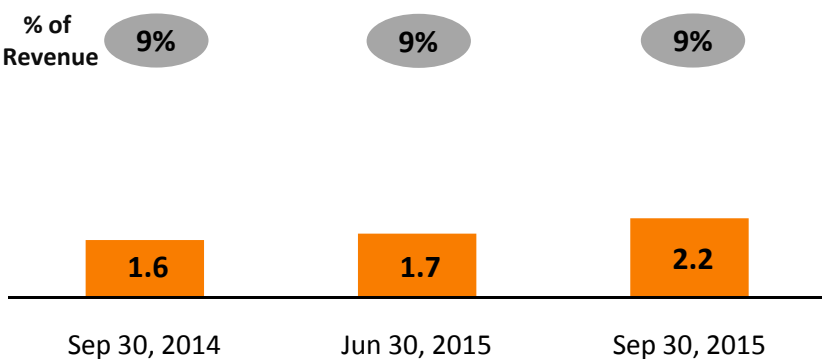
% of
Revenue



Sales & Marketing Expenses (Pre-SBC)

(RMB Bn)

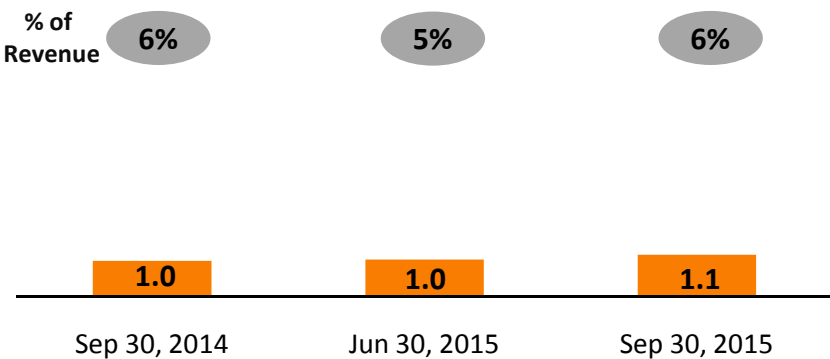
% of
Revenue



General & Administrative Expenses (Pre-SBC)

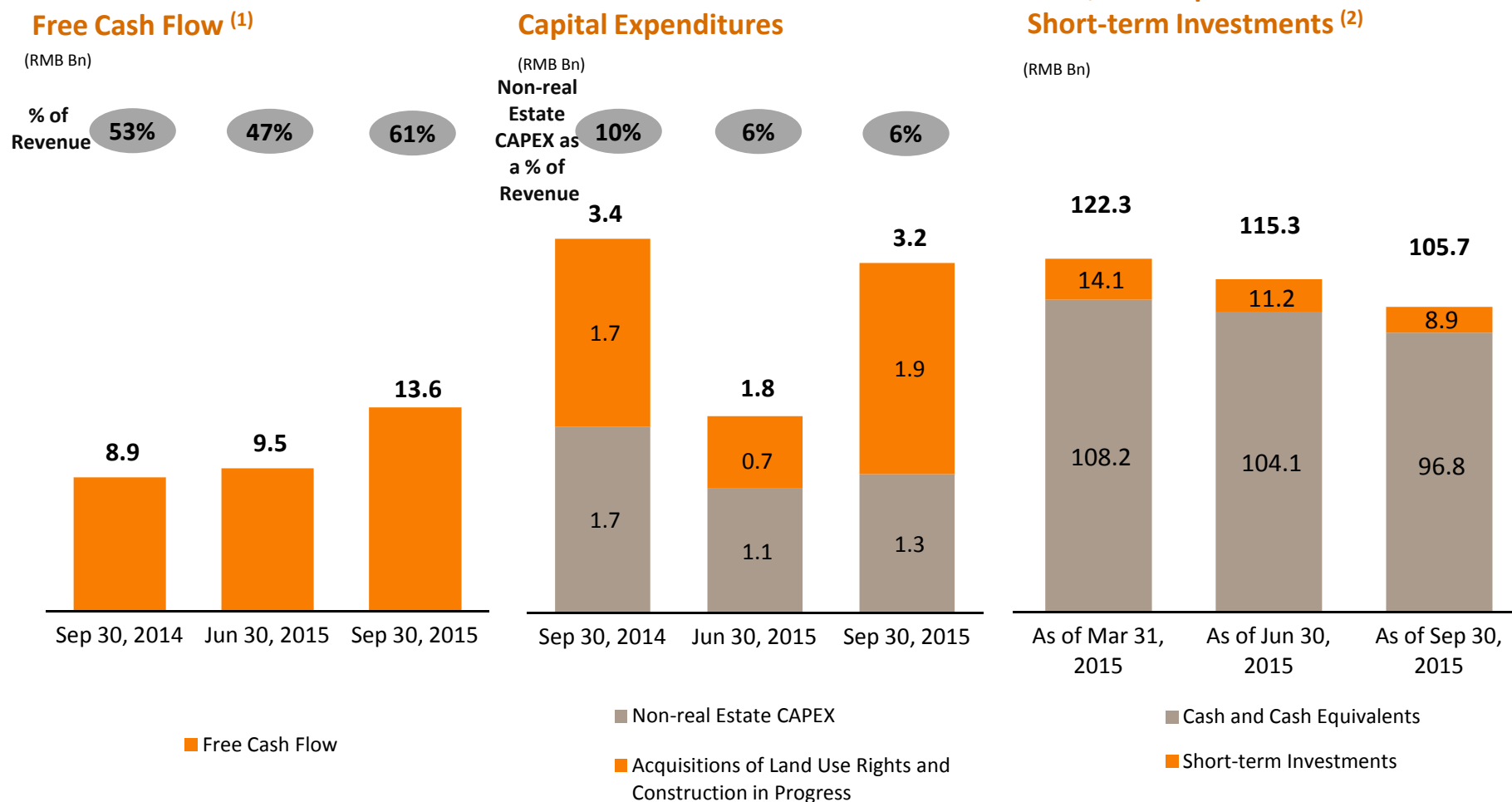
(RMB Bn)

% of
Revenue



Note: For the three months ended on the respective dates.

Free Cash Flow, Capital Expenditures and Cash



Note: Unless otherwise indicated, all figures in the above charts are for the three months ended on the respective dates.

(1) Free cash flow represents net cash provided by operating activities as presented in Alibaba Group's consolidated cash flow statement less purchases of property and equipment and intangible assets (excluding acquisition of land use rights and construction in progress) and adjusted for changes in loan receivables relating to micro loans of its SME loan business and others.

(2) The decrease of cash, cash equivalents, and short-term investments was mainly due to cash disbursed to repurchase Alibaba Group's shares.

GAAP to Non-GAAP Reconciliation



RMB MM	For the Three Months Ended		
	Sep 30, 2014	Jun 30, 2015	Sep 30, 2015
Non-GAAP EBITDA			
Income from operations	4,345	5,161	6,395
Add: Share based compensation expense	3,010	3,995	3,164
Add: Amortization of intangible assets	598	647	728
Add: Depreciation and amortization of property and equipment and land use rights	540	782	859
Non-GAAP EBITDA	8,493	10,585	11,146
Non-GAAP net income			
Net income	3,030	30,816	22,703
Add: Share based compensation expense	3,010	3,995	3,164
Add: Amortization of intangible assets	598	647	728
Add: Impairment of goodwill, intangible assets and investments	-	60	645
Add: Gain on deemed disposals /disposals/revaluation of investments	(60)	(26,088)	(18,054)
Add: Amortization of excess value receivable arising from the restructuring of commercial arrangements with Ant Financial	35	66	66
Add: Expenses relating to the sale of shares by existing shareholders in IPO	195	-	-
Non-GAAP net income	6,808	9,496	9,252
Free cash flow			
Net cash provided by operating activities	5,865	10,400	15,124
Less: Purchase of property, equipment and intangible assets (excluding land use rights and construction in progress)	(1,693)	(1,130)	(1,260)
Add: Changes in loan receivables, net and others	4,766	278	(240)
Free cash flow	8,938	9,548	13,624



Alibaba Group
阿里巴巴集团

